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Paul Supports Student Loan Tax Relief

Washington, D.C.- Congressman Ron Paul recently added his name to a letter sent by California Representative George Miller urging their colleagues to support student loan debt tax relief. Under the 1997 "Taxpayer Relief Act," interest paid on student loans became eligible for an above-the-line deduction on federal income taxes. The deduction is allowed only for the first 60 months of student loan payments, meaning borrowers benefit from the deduction only for five years after graduation. However, a recent Department of Education study showed that less than 20 percent of student borrowers were debt-free five years after receiving their diplomas. Legislation to lift the 60-month cap and allow borrowers to deduct interest payments for the entire repayment period already passed in the House and Senate earlier this year. Unfortunately, the measure was vetoed by the administration. Paul hopes the measure will be reconsidered by Congress and signed into law before the end of the congressional session. Lifting the cap particularly would benefit those who face the greatest burden in paying off their student loans. Students from lower-income families tend to borrow more to finance higher education, and often take more than five years to repay their student loans. Similarly, students who find work in lower-paying public sector or non-profit jobs have difficulty becoming debt free in five years. "Congress should permit all student loan interest payments to be deducted," Paul stated. "The tax code provides a mortgage interest deduction because Congress chose to assist and encourage those seeking to become homeowners. Similarly, we should help those who obtain loans to finance an all-important college or graduate education. Higher education is every bit as important as home ownership." The letter signed by Paul was delivered this week to House Speaker Hastert and the President. "I sincerely hope we can pass this tax relief this year," Paul concluded. "Congress should ease the tax burden on young people struggling with student loans."

